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6 March 1959

TO:

Assistant Director for Research and Reports

FROM:

Chief Economic Research Area

SUBJECT: Activity Report for the Month of February 1959

Current and Other Support Activ ty

1. In February, support for Of involved a heavy proportion of articles dealing with Soviet bloc military and economic aid to underdeveloped areas and collectivization and manpower problems in Eastern Europe. Articles also reported the end of the Soviet 21st Party Congress, new developments in the Chinese Compunist "leap forward," Soviet activities in the Western European oil market and Soviet-Chinese Communist trade and credit arrangements. Watch Committee Support continued at a high level which may be expected to prevail through at least the end of May. On 27 February, the DCI presented a briefing on the "leap forward" and "communes" to the Cabinet; the material for this briefing was largely prepared by CRR.

25X1A2q In the position of Chinese Communist 2. A draft of leaders on the economic policy issues was completed and forwarded to OCI by A/F.

3. To support the DD/I and OC, Chief, D/I and Acting Chief, I/GM, supported by I/KE, I/PE and I/MS, prepared an overnight comment on the statement regarding ICSM production by

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I/GM, also briefed the CIA Guided Missile 25X1A9a Forum, conducted by OSI, on the est mated Soviet ICBM production and deployment program. The estimate was prepared by I/GM on the assumption that Khrushchev's recent ICBM state ents were substantially correct.

Svis River hydroelectric plants in the USER.

4. Support was also rendered by D/M: to State Department regarding the capability of Communist China to accept crude oil from Iraq, to AD/RR and DD/I regarding the percentage of copper produced under the control of US companies in the Free World and the significance of USSR imports of copper from the Free World, to the MI regarding 1958 US grain and cotton regarding their request for information on the

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25X1X7

- on Soviet trade in nonferrous commodities reported by a Soviet trade publication. Discussions with during his visits to Washington and subsequent correspondence which developed as an outgrowth of his visits have proven mutually beneficial and stimulating.
- 6. In view of the frequent and recurring requests for comparisons of US-USSR light industrial production, I/NS intends to prepare a short report on the subject. Included will be explanations of reporting classifications, and discussion of qualifications that complicate unit to unit comparisons.

Research Planning and Program Psyclopment

7. During February there were several developments regarding collection of information on missile deployment in the European Satellites. These included the preparation of a statement of general collection objectives by the DD/P Guided Missile Task Force; conversations with a representative of EE/Plans, DD/P, concerning relative priorities by geographic area and type of information; and a request to OSI and DD/P for a feasibility study regarding the use of clandestine

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In addition OC/C set in motion, at 1/GM's request, a greatly expanded collection program directed principally toward 25X1C10b 25X1C10b

- 6. At the request of the DCT, I/CM prepared a memorandum recommending that the DCI's Ad Hoc Parel of Consultants (the Hyland Fanel) should not be reconvened at present to re-examine the Soviet ICPM program. This recommendation was subsequently accepted, in effect, by USIB, although the Board decided to consider the question of a new missile estimate again during March.
- 9. D/Ch/E has completed his review of the functions, personnel resources and problems of I/CM. A date, he has agreed to: (a) assist the branch in achieving approximately the professional personnel strength authorized at the beginning of 19%; (b) consider further additional professional personnel requirements of the branch; (c) provide additional clerical assistance; and (d) take action to determine whether and to what

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extent certain current branch analytical problems can be alleviated by machine data processing methods.

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12. Plans to increase agricultural production in the EuSats are based primarily on an increase in fertilizer input and increased mechanization. In order to develop a better leckground of information against which to evaluate EuSat agricultural plans.

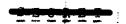
25X1A5a 25X1A5

Significant Briefings, Debriefings, Speeches and Liaison Activities 25X1A5a1

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14. Chief, D/I in the presence of Col. Grogan = CIA public relations officer) on various aspects of Soviet military economics and subsarine production and elements of an ICBM program.

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	16. During February various members of ERA held discussions regarding
	US-USSR exchange programs.
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	25X1A9a a. and members of M/AG held discussions with
	regarding evaluation of the 1958 US-USSR
	Agricultural Exchange program. 25X1A9a
•	25X1A5a1 b. Mr. S/TR, had two conferences during the month with
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	Note that the second se
	c. M/CH and M/FP participated in a State Department debriefing
	of the US Coke and Chemical Exchange Delegation following its return from Poland.
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2.	JATAJAT 25XTAJA į į
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	25X1A5a1 e. Heavy Press Exchange - The Air Force through the offices of
	have proposed to the USSR an heavy press
•	exchange. A US intinerary has been suggested and the Soviets have been
	asked to respond with a equivalent itinerary. The proposal makes clear
	to the Soviets that " final concurrence to your visit will depend, ,
	on the number and plants which you would suggest they (the US delegation)
	should see." The EIC subcommittee on Industrial Machinery will review the
	Soviet reply when received and make appropriate recommendations to the
	Ad Hoc Committee on Exchanges.
	25X1A9a
	17. Speeches given during the month included Mr. presentation
K1A9a	to the International Development Advisory Board on the topic, "Soviet Trade
	and Air Programs", Mr. Like the like on the same subject to the Naval Reserve 25X1A
	Politico-Military Affairs Company and a penel presentation by Messrs. 25X D/M, D/I, on the "Soviet Economy
	D/M, D/M, D/M D/I, on the "Soviet Economy Industry, Agriculture and Trade" to the Strategic Intelligence School.
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Export Control

19. S/TD, supported by M/CH, prepared intelligence for a joint meeting of ACEP and the Operating Committee of ACEP in connection with an application to export US technical data for six petrochemical plants to Poland. Interest in this application is underlined by the fact that Commerce Department has pending, or expects to receive, other applications for such shipments to Poland and to the USSR of both technical data and petrochemical equipment.

Problems

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20. Chief, D/I and members met with two senior representatives of the Office of General Studies, NSA, to discuss long-standing problems of obtaining adequate NSA reporting on matters of vital concern to ORR's

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The NSA representatives were justifiably concerned when confronted with evidence of serious inaccuracies and apparently unwarranted delays in NSA reporting, and agreed to inform 25X1D1a in about two weeks of whatever action they could take to overcome these problems.

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Distribution:

- 1 OAD/RR
- 1 ea Division, Branch and Staff Chief
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